



**BAC 7710-FW-P**

**POSTAL REGULATORY COMMISSION**

**39 CFR Part 3050**

**[Docket No. RM2020-12; Order No. 5622]**

**Periodic Reporting**

**AGENCY:** Postal Regulatory Commission.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The Commission initiates an informal rulemaking proceeding to change how the Postal Service determines incremental costs and how it accounts for peak-season costs in its periodic reports. This notice informs the public of the filing, invites public comment, and takes other administrative steps.

**DATES:** *Comments are due:* September 8, 2020.

**ADDRESSES:** Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>. Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on filing alternatives.

**FOR FURTHER INFORMATION CONTACT:** David A. Trissell, General Counsel, at 202-789-6820.

**SUPPLEMENTARY INFORMATION:**

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I. Introduction

On August 5, 2020, the Postal Service filed a petition pursuant to 39 CFR 3050.11 requesting that the Commission initiate a rulemaking proceeding to consider changes to analytical principles relating to periodic reports.<sup>1</sup> The Petition identifies the proposed analytical changes filed in this docket as Proposal Five.

## II. Proposal Five

*Background.* Proposal Five relates to the Revenue Piece and Weight (RPW) reporting methodology for measuring the national totals of non-Negotiated Service Agreement (NSA) mailpieces in international outbound product categories bearing PC Postage indicia from postage evidencing systems. Petition, Proposal Five at 1. The international outbound products at issue include Priority Mail International (PMI) and First-Class Package International Service (FCPIS). *Id.* Currently, the Postal Service uses several census sources in combination with statistical sampling estimates from the System for International Revenue and Volume, Outbound, and International Origin Destination Information System (SIRVO) to report the national totals of non-NSA mailpieces in outbound international product categories. *Id.* at 2. The Postal Service also filed a detailed assessment of the impact of the proposal on particular products in a non-public attachment accompanying this proposal.<sup>2</sup>

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<sup>1</sup> Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Five), August 5, 2020 (Petition). The Postal Service also filed a notice of filing of non-public material relating to Proposal Five. Notice of Filing of USPS-RM2020-12-NP1 and Application for Nonpublic Treatment, August 5, 2020.

<sup>2</sup> See Library Reference USPS-RM2020-12-NP1.

*Proposal.* The Postal Service’s proposal seeks to replace the SIRVO sampling data used in the existing RPW reporting methodology for international outbound non-NSA parcel mail categories bearing PC Postage indicia with census data provided by reports from the Accounting Data Mart (ADM). Petition, Proposal Five at 4. The Postal Service notes that “[d]ata collection is always challenging in the fast-moving timeframe around mail arrival to U.S. International Service Centers and distribution to outbound international flights, which is when SIRVO tests are conducted.” *Id.* at 3. For this reason, “[u]nintended errors could occur in the sampling of mail, and in the recording of the data elements observed[,]” resulting in SIRVO point estimates with sampling errors that are not present in census data. *Id.*

*Rationale and impact.* The Postal Service states that the proposed methodology “provides a complete census source of transactional-level data for PC Postage international outbound mailpieces.” *Id.* at 4. The Postal Service contends that the proposed methodology will provide “equal or improved data quality.” *Id.* at 3. The Postal Service avers that the proposed methodology will result in “the improved reporting of PC Postage non-contract revenue and volume both in terms of the level and measures of precision.” *Id.* at 6. Furthermore, the Postal Service argues that the proposed methodology “will also allow for more granularity in the underlying report data.” *Id.*

The Postal Service reports that its examination of potential changes suggests that the proposed methodology would directly affect two major international outbound mail categories: PMI and FCPIS. *Id.* at 5. Outbound PMI

revenue would increase 2.3 percent and volume would decrease 5.8 percent. *Id.* FCPIIS would experience revenue and volume changes of the “same general percentage magnitude as Outbound Priority Mail International, but in each instance in the opposite direction.” *Id.*

The Postal Service also notes indirect effects of the proposal which would occur when estimates of mail categories other than PMI and FCPIIS are scaled to the remaining known dispatch weights. *Id.* Among those, Outbound First-Class Mail International revenue would decrease 4.8 percent and volume would decrease by 5.7 percent. *Id.* Additionally, U.S. Postal Service Mail, Free Mail, and International Ancillary Services would experience indirect effects on revenue and volume. *Id.* at 5-6. The Postal Service notes that ultimately, indirect effects of the proposal will be spread over other types of mail, not listed above. *Id.* at n.4. The Postal Service reports that “[o]verall, outbound international revenue and volume for Quarters 1 and 2 of FY 2020 would have been reduced by 0.3 percent and 2.7 percent, respectively.” *Id.* at 6 (footnote omitted).

### III. Notice and Comment

The Commission establishes Docket No. RM2020-12 for consideration of matters raised by the Petition. More information on the Petition may be accessed via the Commission’s Web site at <http://www.prc.gov>. Interested persons may submit comments on the Petition and Proposal Five no later than September 8, 2020. Pursuant to 39 U.S.C. 505, Jennaca D. Upperman is designated as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

#### IV. Ordering Paragraphs

*It is ordered:*

1. The Commission establishes Docket No. RM2020-12 for consideration of the matters raised by the Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Five), filed August 5, 2020.

2. Comments by interested persons in this proceeding are due no later than September 8, 2020.<sup>3</sup>

3. Pursuant to 39 U.S.C. 505, the Commission appoints Jennaca Upperman to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this docket.

4. The Secretary shall arrange for publication of this order in the **Federal Register**.

By the Commission.

**Erica A. Barker,**

*Secretary.*

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<sup>3</sup> The Commission reminds interested persons that its revised and reorganized Rules of Practice and Procedure became effective April 20, 2020, and should be used in filings with the Commission after April 20, 2020. The new rules are available on the Commission's website and can be found in Order No. 5407. See Docket No. RM2019-13, Order Reorganizing Commission Regulations and Amending Rules of Practice, January 16, 2020 (Order No. 5407).